



CONSTANTINE TOWNSHIP
ST. JOSEPH COUNTY, MICHIGAN

REPORT OF AUDIT
AS OF
MARCH 31, 2005

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Constantine Township		County St. Joseph
Audit Date 3-31-05	Opinion Date 6-13-05	Date Accountant Report Submitted to State: 7-29-05		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Jones CPA Office			
Street Address 100 S. Washington St.	City Constantine	State MI	ZIP 49042
Accountant Signature Shirley J. Jones			

CONSTANTINE TOWNSHIP

TABLE OF CONTENTS

<u>Page</u>	
1	Independent Auditor's Report
2 - 5	Management's Discussion and Analysis
6	Statement of Net Assets
7	Statement of Activities
8	Balance Sheet - Governmental Funds
9	Statement of Revenues, Expenditures, and Changes in Fund Balance
10	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Activities
11	Statement of Fiduciary Assets
12 - 15	Notes to the Financial Statements
16	Statement of Revenues, Expenditures, and Changes in Fund Balance - Original Budget, Final Budget, and Actual - General Fund
17	Schedule of Township Board Expenditures
18	Reconciliation of 2004 Tax Roll
19	Letter of Comments and Recommendations

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INDEPENDENT AUDITOR'S REPORT

Constantine Township Board

We have audited the accompanying general purpose financial statements of Constantine Township, St. Joseph County, Michigan, as of and for the year ended March 31, 2005, as listed in the table of contents. These financial statements are the responsibility of Constantine Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Constantine Township, St. Joseph County, Michigan, as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 16, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Jones' CPA Office

Shirley J. Jones

Constantine, Michigan

June 13, 2005

Constantine Township Management's Discussion and Analysis

As the Constantine Township Board, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Township for the year ended March 31, 2005. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please consider the information presented here in conjunction with the financial statements and notes that follow.

Overview of the Financial Statements

The Township's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains budgetary schedules as part of the required supplementary information.

The government-wide financial statements provide a broad view of the Township's operations. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods used by most businesses. All revenues and expenses are accounted for within the fiscal year, even if the cash involved has not been received or paid. The government-wide financial statements include two statements. The statement of net assets reports all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Increases or decreases in net assets may help determine if the Township's financial position is improving or deteriorating. The statement of activities presents information that shows how the net assets changed during the most recent year.

The governmental funds financial statements report the Township's operations in more detail. These are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund financial statements provide a short-term view of the finances that help to determine whether there will be sufficient resources available to meet the current needs of the Township.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 12 through 15. The statement regarding the budget is required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Township's net assets totaled \$578,035 at March 31, 2005. A portion of the Township's net assets (31% and 32% for the years presented) is its investment in fixed assets, net of depreciation. Keep in mind that these assets are used to provide township services to the public, consequently these assets are not available for future spending. Furthermore, a portion of the Township's net assets (24% and 21%, respectively) represents resources that are subject to restrictions on how they may be used. The restricted net asset amount is Constantine Township's portion (60%) of an investment held jointly with Florence Township (40%). The purpose of the investment is to fund future fire equipment purchases. The remaining balance of unrestricted net assets (45% or \$261,088 and 47% or \$271,893, respectively) may be used to meet ongoing obligations to citizens.

Constantine Township's Net Assets

	<u>March 31, 2005</u>	<u>March 31, 2004</u>
Current assets	\$397,918	\$395,092
Capital assets	<u>180,965</u>	<u>188,210</u>
Total assets	578,883	583,302
Less:		
Current liabilities	<u>(848)</u>	<u>(1,095)</u>
Invested in capital	180,965	188,210
Restricted	135,982	122,104
Unrestricted	<u>261,088</u>	<u>271,893</u>
Total net assets	<u>\$578,035</u>	<u>\$582,207</u>

The Township's net assets decreased by \$4,172 during the year ended March 31, 2005. Approximately 32% and 29%, respectively, of the Township's total general revenue (\$214,076 and \$214,827) came from property taxes, IFT collections, the summer tax collection fee, and special assessments. The biggest source of general income (65% and 67%, respectively) was from state revenue sharing. Total revenues were \$5,995 (almost 3%) less in the current fiscal year. Charges for services suffered a \$5,244 decrease and state revenue sharing was down \$5,792. Total expenditures decreased for the year ended March 31, 2005 by \$59,179 (about 20%). The largest expenditure was general government, which accounted for about 76% and 57%, respectively, of the total expenditures. General government expenditures were higher due to salary increases and insurance premium increases. The decrease in public works was due to less road work expenditures in the current fiscal year. The general government expenditures are reported in more detail in the statement of Revenues, Expenditures, and Changes in Fund Balance on page 9 and the Schedule of Township Board Expenditures on page 17.

Constantine Township's Statement of Activities

	<u>March 31, 2005</u>	<u>March 31, 2004</u>
Revenues:		
Program revenues:		
Charges for services	\$14,541	\$19,785
General revenues:		
Property taxes and IFT collections	61,521	54,368
Summer tax collection fee	5,250	5210
Special assessments	998	3,450
State revenue sharing	138,581	144,373
Interest	4,832	4,090
Permits, fees, fines	1,872	950
Reimbursements	1,022	103
Miscellaneous	0	2,283
Total revenues	<u>228,617</u>	<u>234,612</u>
Expenditures:		
General government	177,465	166,599
Public safety	34,652	41,704
Public works	20,672	83,665
Total expenditures	<u>232,789</u>	<u>291,968</u>
Change in net assets	(4,172)	(57,356)
Beginning net assets	<u>582,207</u>	<u>639,563</u>
Ending net assets	<u><u>\$578,035</u></u>	<u><u>\$582,207</u></u>

Fund Statement Financial Analysis

The governmental fund financial statements (as presented in the balance sheet and the statement of revenues, expenditures, and changes in fund balances found on pages 8 and 9) report a combined fund balance of \$397,070. The difference between the combined fund balance and the net assets is \$180,965, which is net capital assets. Similarly, the difference between the change in fund balances and the change in net assets has to do with the reporting of net assets, both depreciable and nondepreciable, as reported in the reconciliation found on page 10.

Budgetary Highlights

The budget was amended on several occasions throughout the year to prevent overruns in several accounts. There were no excess expenditures for the year ended March 31, 2005. The actual charges to expenditures were \$48,056 below the final budget amounts. The largest part of the under spending was attributable to Township board (\$13,898), cemetery supplies (\$7,908), capital outlay (\$6,307), fire and ambulance (\$5,895), and ordinance enforcement (\$5,057). Budgeted revenue exceeded actual revenue by \$417.

Capital Assets

The Township had \$180,965 invested in capital assets (net of depreciation) as of March 31, 2005. Acquisitions for the year were \$7,693 and current year depreciation was \$14,938. Purchases included a printer, new entry doors, and a cemetery fence. Additional information regarding capital asset activity is included in the notes to the financial statements. Land is the only nondepreciable asset.

The depreciable assets are building and improvements, computer equipment and software, furniture and fixtures, fire fighting equipment, and other equipment. Items purchased in prior years are recorded at approximate historical cost. It is the Township's policy to record all items that exceed \$500 and have a useful life beyond one reporting period as capital assets. Additionally, all computer equipment and all furniture purchased, even if less than \$500, are reported as capital assets.

Future Operations

Revenue is expected to remain about the same for the fiscal year ending March 31, 2006. Expenditures for roads are expected to increase by approximately \$13,000. Salaries are also going to increase slightly.

Constantine Township
Statement of Net Assets
March 31, 2005

	Primary Government Governmental Activities: General Fund	Component Unit: Constantine Township Library
ASSETS		
Cash	\$69,752	\$109,511
Investments	323,841	154,012
Property taxes receivable	4,224	104,649
Due from tax collection account	101	0
Accounts receivable	0	0
Capital assets:		
Nondepreciable:		
Land	105,865	32,007
Circulating items	0	199,120
Depreciable (net of depreciation)		
Building and improvements	44,529	87,386
Furniture and fixtures	1,935	3,021
Computer equipment and software	5,272	20,260
Fire equipment	21,554	0
Other equipment	1,810	4,381
Total capital assets	<u>180,965</u>	<u>346,175</u>
Total assets	<u>578,883</u>	<u>714,347</u>
LIABILITIES		
Accounts Payable	<u>848</u>	<u>0</u>
NET ASSETS		
Invested in capital assets	180,965	346,175
Restricted	135,982	33,911
Unrestricted	<u>261,088</u>	<u>334,261</u>
Total net assets	<u>\$578,035</u>	<u>\$714,347</u>

See accompanying notes to financial statements.

Constantine Township
Statement of Activities
For the Year Ended March 31, 2005

Functions	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets	
			Primary Government Governmental Activities	Component Unit Constantine Township Library
Primary Government				
Governmental Activities:				
General government	\$177,465	\$7,241	(\$170,224)	
Public safety	34,652	7,300	(27,352)	
Public works	20,672	0	(20,672)	
Total governmental activities	<u>\$232,789</u>	<u>\$14,541</u>	<u>(\$218,248)</u>	
Component Unit:				
Township Library	\$130,799	\$5,442		(\$125,357)
General Revenues				
Taxes:				
Property taxes			49,009	91,411
IFT taxes			6,348	12,000
Delinquent personals			204	148
Other taxes			3,855	0
Penalty and interest			2,105	0
Tax collection fee			5,250	0
Special assessments			998	0
State revenue sharing/aid			138,581	4,289
Interest earned			4,832	3,383
Refunds and reimbursements			1,022	1,806
Permits, fees, fines			1,872	18,222
Miscellaneous			0	6,515
			<u>214,076</u>	<u>137,774</u>
Change in net assets			(4,172)	12,417
Net assets - beginning of year			<u>582,207</u>	<u>701,930</u>
Net assets - end of year			<u>\$578,035</u>	<u>\$714,347</u>

See accompanying notes to financial statements.

Constantine Township
Balance Sheet - Governmental Funds
March 31, 2005

	<u>General Fund</u>
ASSETS	
Cash	\$69,752
Investments	323,841
Property taxes receivable	4,224
Due from tax collection account	101
Accounts receivable	<u>0</u>
Total assets	<u>\$397,918</u>
LIABILITIES	
Accounts payable	\$848
FUND BALANCES	
Restricted	135,982
Unrestricted	261,088
Total fund balances	<u>397,070</u>
Total liabilities and fund balances	<u>\$397,918</u>
 <u>Reconciliation of the Government Fund Balance Sheet to the Statement of Net Assets</u>	
Total fund balance - Governmental funds	\$397,070
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>180,965</u>
Net assets of governmental activities	<u>\$578,035</u>

See accompanying notes to financial statements.

Constantine Township
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
March 31, 2005

	<u>General Fund</u>
REVENUES	
Property taxes	\$61,521
Tax collection fee	5,250
State revenue sharing	138,581
Charges for services -	
Cemetery	7,241
Fire	7,300
Interest earned	4,832
Refunds and reimbursements	1,022
Permits and fees	1,850
Miscellaneous income	22
Special assessments	998
	<hr/>
Total revenues	228,617
EXPENDITURES	
General Government:	
Township board	51,302
Supervisor	10,200
Clerk	16,600
Treasurer	19,600
Assessor	21,023
Election	4,441
Board of Review	800
Building and grounds	3,263
Cemetery -	
Sexton	30,000
Supplies	12,092
Capital outlay	7,693
	<hr/>
	177,014
Public Safety:	
Fire and ambulance	24,105
Planning and zoning	1,810
Ordinance enforcement	1,943
	<hr/>
	27,858
Public Works:	
Roads	20,672
	<hr/>
Total Expenditures	225,544
	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,073
FUND BALANCE - April 1, 2004	393,997
	<hr/>
FUND BALANCE - March 31, 2005	\$397,070
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See accompanying notes to financial statements.

Constantine Township
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Activities
For the Year Ended March 31, 2005

Net change in fund balances - total governmental funds	\$3,073
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$7,693) were exceeded by depreciation (\$14,938) in the current period.	<u>(7,245)</u>
Change in net assets of governmental activities	<u><u>(\$4,172)</u></u>

See accompanying notes to financial statements.

Constantine Township
Statement of Fiduciary Net Assets
Fiduciary Fund
March 31, 2005

	Agency Fund - Tax Collection Account
ASSETS	
Cash	<u>\$101</u>
LIABILITIES	
Due to other governmental units	<u>\$101</u>

See accompanying notes to financial statements.

CONSTANTINE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township was organized in the mid-1880's and covers an area of 35.5 square miles. The Township operates under an elected board of five members and provides services to its almost 4,200 residents in many areas including road maintenance, fire protection, and ambulance service.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Township has implemented GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

A. REPORTING ENTITY

These financial statements present the Township and its component unit, the Constantine Township Library. As defined by GASB No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township. While the Township's year ends on March 31, the Library's year ends on December 31.

The primary objective of the Library is to provide and organize significant books and other printed or recorded materials and to give guidance in their use; to help people in their search for greater understanding and in the quest for reliable information and exploration of a more secure and creative pattern for living; to guide patrons in pursuit of recreational enjoyment of printed materials and recorded transcripts. Complete financial statements of the Library may be obtained from Constantine Township Library, 165 Canaris Street, Constantine, MI 49042.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The Township's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business. The Township and the Library both have only governmental activities.

The government-wide Statement of Net Assets reports activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts--invested in capital assets; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The gross expenses, including depreciation, are reduced by related program revenues. The functions are also supported by general government revenues.

This government-wide focus is more on the sustainability of the Township as a whole and the change in the Township's net assets resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The following fund types are used by the Township:

1. Governmental Fund:

The focus of the governmental fund's measurement is upon determination of financial position and changes in financial position rather than upon net income. The Township's only governmental fund is the general fund. It is used to account for all financial resources of the Township.

2. Fiduciary Fund:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The assets are not available to support Township programs. The reporting focus is on net assets and changes in net assets. The Township's only fiduciary fund is the tax collection fund which is an agency fund--the Township is acting in a purely custodial capacity for other governmental units. Since by definition these assets are being held for distribution to other local governments and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

D. BASIS OF ACCOUNTING

The term basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to when a transaction or event is recognized and reported, regardless of the measurement focus applied. The measurement focus is used to denote what is being measured and recorded.

The accrual basis of accounting is used to report transactions in the government-wide financial statements. Revenues are recognized when earned and expenditures are recognized when incurred.

The modified accrual basis of accounting is used by the fund financial statements. Under this basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and investments - The amount reported as cash on the financial statements is money that is in checking and savings accounts. The amount reported as investments is in certificates of deposit and public funds investment trust accounts.

2. Capital assets - Capital assets reported in the government-wide financial statements are defined by the Township as assets with an initial cost of \$500 or more and an estimated useful life in excess of one year, with the exception of computer equipment and furniture, which are always recorded as capital assets. The depreciable assets are recorded at historical cost or as close to historical cost as could be determined. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A complete capital asset inventory was taken prior to implementing the new reporting model.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and additions	40 years
Building improvements	10 - 40 years
Furniture and fixtures	10 years
Computer equipment and software	5 years
Fire equipment	10 years
Other equipment	10 years

3. Revenues - Substantially all governmental fund revenues are reported on the accrual basis, since property taxes are billed and collected within the same period, or within sixty days of the end of the period, in which they are levied.

4. Expenditures - Expenditures are reported when the related liability is incurred.

F. RESTRICTED FUND BALANCES

The restricted fund balance is money that is put into its own bank account and is earmarked for future purchases of major fire-fighting equipment.

NOTE II - COMPLIANCE AND ACCOUNTABILITY

Budgetary considerations - A budget for the general fund is required by state law. The first draft of the 2004-2005 budget was proposed and reviewed at the February 2004 board meeting and adopted at the March 2004 meeting. The budget was amended several times during the year to prevent overruns in various accounts. There were no excess expenditures.

NOTE III - ASSETS

A. Cash and investments

The Township's deposits are held at two different banks in the name of the Township. All deposits are in accordance with statutory authority. The bank deposits are categorized below to give an indication of the risk assumed by the Township. There were no outstanding checks and deposits in transit as of March 31, 2005.

- * Category 1 includes insured or collateralized deposits with securities held by the Township or its agent in the Township's name.
- * Category 2 includes collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Township's name.
- * Category 3 includes uninsured and uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent, but not in the Township's name.

Primary Government:

<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
1	\$317,802	\$317,928
3	75,791	75,791
Totals	<u>\$393,593</u>	<u>\$393,719</u>

Component unit - Constantine Township Library:

<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
1	\$166,563	\$170,262
3	96,960	96,885
Totals	<u>\$263,523</u>	<u>\$267,147</u>

B. Property taxes receivable

Properties taxes are levied December 1 and payable by February 14. At the settlement date, March 31, the unpaid taxes are turned into the county. The county pays the Township for the delinquent real property taxes. This is the amount reported as "property taxes receivable" on the financial statements. The Township treasurer continues to collect the delinquent personal property taxes. The 2004 ad valorem taxes levied consisted of .5000 mills for Township operating purposes and a total of \$998 for road special assessments. The Library levy was .94520 mills.

C. Change in capital assets

Current year depreciation expense was \$14,938. Changes in capital assets were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets:				
Land	\$105,865	\$0	\$0	\$105,865
Depreciable assets:				
Buildings and improvements	133,503	7,107	0	140,610
Furniture and fixtures	10,265	0	0	10,265
Computer equipment/software	20,608	586	0	21,194
Fire equipment	277,290	0	0	277,290
Other equipment	19,769	0	0	19,769
Total depreciable assets	461,435	7,693	0	469,128
Less accumulated depreciation:				
Buildings and improvements	92,085	3,996	0	96,081
Furniture and fixtures	8,011	319	0	8,330
Computer equipment/software	13,022	2,900	0	15,922
Fire equipment	248,942	6,794	0	255,736
Other equipment	17,030	929	0	17,959
Total accumulated depreciation	379,090	14,938	0	394,028
Net depreciable assets	82,345	(7,245)	0	75,100
Net total capital assets	\$188,210	(\$7,245)	\$0	\$180,965

NOTE IV - INSURANCE RISK

The Township's insurance for Workers' Compensation, General Liability and Property Loss and fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding.

NOTE V - RELATED PARTY TRANSACTIONS

The Constantine Township Library and Constantine Township offices occupy the same building. Approximately 2/3 of the area is used by the Library and 1/3 is used by the Township. Restroom facilities and utilities are shared by the two organizations. By informal agreement, the Library pays for most of the utilities and the Township provides all insurance coverage for the Library, except for bonding.

Constantine Township
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Original Budget, Final Budget, and Actual - General Fund
For the Year Ended March 31, 2005

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$55,000	\$58,500	\$61,521	\$3,021
Tax collection fees	0	0	5,250	5,250
State revenue sharing	140,500	140,500	138,581	(1,919)
Charges for services -				
Cemetery	10,000	10,000	7,241	(2,759)
Fire	8,000	8,000	7,300	(700)
Interest earned	3,000	3,000	4,832	1,832
Refunds and reimbursements	0	1,000	1,022	22
Permits and fees	0	0	1,850	1,850
Miscellaneous income	5,000	6,200	22	(6,178)
Special assessments	1,000	1,000	998	(2)
Total revenues	222,500	228,200	228,617	417
EXPENDITURES				
General Government:				
Township board	61,200	65,200	51,302	13,898
Supervisor	10,200	10,200	10,200	0
Clerk	16,600	16,600	16,600	0
Treasurer	19,600	19,600	19,600	0
Assessor salary and supplies	21,400	21,400	21,023	377
Election	5,500	5,500	4,441	1,059
Board of Review/Appeals	1,100	1,100	800	300
Building and grounds	5,000	8,700	3,263	5,437
Cemetery -				
Sexton	30,000	30,000	30,000	0
Supplies	20,000	20,000	12,092	7,908
Capital outlay	14,000	14,000	7,693	6,307
Total general government	204,600	212,300	177,014	35,286
Public Safety:				
Fire and ambulance	30,000	30,000	24,105	5,895
Planning and zoning	3,000	3,000	1,810	1,190
Ordinance enforcement	7,000	7,000	1,943	5,057
Total public safety	40,000	40,000	27,858	12,142
Public Works:				
Roads	19,800	21,300	20,672	628
Total expenditures	264,400	273,600	225,544	48,056
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(41,900)	(45,400)	3,073	48,473
FUND BALANCE - April 1, 2004	393,997	393,997	393,997	0
FUND BALANCE - March 31, 2005	\$352,097	\$348,597	\$397,070	\$48,473

See accompanying notes to financial statements.

Constantine Township
Schedule of Township Board Expenditures
For the Year Ended March 31, 2005

Trustees	\$3,400
Supplies	2,322
Dues	1,726
Audit	2,000
Legal	5,571
Insurance	13,513
Printing and Publishing	959
Summer Recreation/Domestic Assault	4,000
Payroll Tax Expense	5,228
Miscellaneous	3,594
Land Resource Fees	8,989
Refunds and Reimbursements	<u>0</u>
Total Board Expenditures	<u><u>\$51,302</u></u>

See accompanying notes to financial statements.

Constantine Township
Reconciliation of 2004 Tax Roll
March 31, 2005

COLLECTIONS

	Roll	Collected	Returned Delinquent
County:			
Operating	\$448,916	\$411,248	
Commission on Aging	32,517	29,789	\$37,668
911	70,200	64,310	2,728
Roads	98,025	89,800	5,890
Intermediate Schools	22,557	20,664	8,225
Special Education	242,638	222,279	1,893
Community College	269,116	246,535	20,359
State Education Tax	582,935	553,461	22,581
			29,474
School Districts:			
Constantine	802,083	761,296	
Constantine - Debt	641,572	590,432	40,787
White Pigeon	4,498	3,227	51,140
Three Rivers	7,368	5,486	1,271
Three Rivers - Debt	20,465	16,448	1,882
			4,017
Township:			
Operating			
Library	49,009	44,897	
Special Assessment	92,649	84,875	4,112
Unpaid Bills	998	886	7,774
	0	0	112
			0
Total Taxes	<u>\$3,385,546</u>	3,145,633	<u>\$239,913</u>
Industrial Facilities Tax			
Dog Licenses		635,116	
Interest		1,160	
2003 Delinquent Taxes		3,103	
Trailer Park Monies		13,039	
Delinquent Personal Property Taxes		363	
Overpayments/Refunds		6,025	
Tax Collection Fee		3,434	
Total Collections		<u>5,250</u>	
		<u>\$3,813,123</u>	

REMITTANCES

State of Michigan	
St. Joseph County	\$408,527
Constantine School District	1,764,672
White Pigeon School District	1,441,842
Three Rivers School District	3,227
Constantine Township	21,934
Constantine Township Library	64,913
Refunds/Miscellaneous	105,111
Total Remittances	<u>3,434</u>
	<u>\$3,813,660</u>

CHANGE IN CASH BALANCE

(537)

CASH - BEGINNING OF YEAR

638

CASH - END OF YEAR

\$101

See accompanying notes to financial statements.

Jones' CPA Office

Shirley J. Jones, CPA

100 S. Washington Street
Constantine, MI 49042
Phone/Fax: 616-435-7702
Email: jonescpa@voyager.net

June 15, 2005

To the Supervisor and Board
Constantine Township
St. Joseph County, Michigan

We are writing this letter in conjunction with the audit of the financial records for the Township of Constantine for the fiscal year ended March 31, 2005. We will forward to the State of Michigan their required copies of the report.

Annual updates for computer software programs should be charged to the appropriate supplies account. They are not capital assets. Also, during the course of the audit it came to my attention that Land Resource did not acknowledge a payment you made to them on August 10, 2004 in the amount of \$1,612.33. That issue needs to be resolved.

Thank you for your cooperation during the course of the audit. Please call at any time if you have questions.

Sincerely,

JONES' CPA OFFICE



Shirley J. Jones, CPA